

June 18, 1999

The Honorable Daniel Patrick Moynihan
U.S. Senate
464 Russell Senate Office Building
Washington, DC 20510

Dear Senator Moynihan:

The American College of Physicians-American Society of Internal Medicine (ACP-ASIM), representing over 115,000 internal medicine physicians and medical students, is pleased to express our support for S. 1023, the Graduate Medical Education Payment Restoration Act of 1999. Among our members are tens of thousands of teaching physicians, residents, and administrators at teaching hospitals, clinics and other graduate medical education (GME) training sites throughout the nation.

As you are well aware, Medicare indirect graduate medical education (IME) payments were designed to reimburse teaching programs for the added costs of supervision, caring for indigent patients; overhead, and other costs associated with an educational environment. Teaching hospitals often serve as providers of health care for inner-city populations that otherwise are under-served. They provide substantial amounts of uncompensated care for poor and indigent patients. Graduate medical education is the linch pin for these inner-city "safety net" hospitals, and they cannot survive if their educational programs are not adequately funded.

However, cutbacks in Medicare funding and the growth of managed care in both the public and private sectors threaten the viability of many teaching hospitals. In this increasingly competitive environment, academic health centers face decreased payment for services, decreased volumes of clinical services, and loss of market share. Meanwhile, they continue to treat the most severely ill patients and care for the poor and the indigent. Medicare is the only payer that explicitly pays its share of the cost of graduate medical education. Yet, the Balance Budget Act of 1997 authorized reductions in Medicare IME payments that will cost teaching hospitals \$5.6 billion between 1998 and 2000. These cuts will further jeopardize the survival of teaching hospitals and their programs of graduate medical education.

S. 1023 will terminate the Balanced Budget Act of 1997 reductions in Medicare IME payments, and restore crucial funding required by the nation's teaching hospitals. Consequently, ACP-ASIM is pleased to support your proposal. Thank you for you for sponsoring this important legislation.

Sincerely,

Alan R. Nelson, MD, FACP
Associate Executive Vice President